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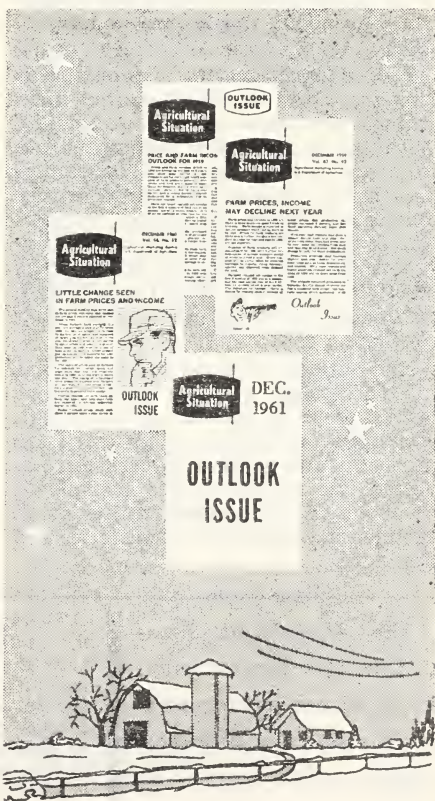
Statistical Reporting Service
U.S. Department of Agriculture

OUTLOOK FAVORABLE FOR FARM INCOME AND PRICES

Net farm income in 1961 may total about a billion dollars more than in 1960, when farm operators realized a net income of \$11.7 billion. And the outlook for 1962 indicates that the income gains registered for 1961 will be maintained in 1962 with little overall change in the realized net income of farm operators, total volume of farm marketings, or average prices received by farmers.

The improved farm income situation this year reflects larger cash receipts from marketings in 1961, increased Government payments under the 1961 Feed Grain Program, and some advance payments under the 1962-crop Wheat Program.

The rise in cash receipts, probably up around 2 percent from the \$34.0 billion in 1960, stems from a record volume of marketings and prices of farm products, as a whole, about the same as in 1960. Most of the gain will be in receipts from meat animals, soybeans, dairy products, tobacco, and cotton. In addition, about \$900 million are expected to be added to farm incomes in 1961 under terms of the 1961 Feed Grain Program and partial advance payments under the program for 1962-crop wheat. These gains push gross



farm income about \$1½ billion above the \$38.1 billion in 1960.

Prices paid by farmers for production items including interest, taxes, and wage rates through the first 10 months of 1961 averaged nearly 1 percent above a year earlier. This was a relatively small increase compared with those in recent years. Even so, production expenses in 1961 may total around 2 percent above the \$26.4 billion in 1960. As a result, about \$½ billion of the gain in gross income would be offset.

In 1962 farm operators' realized net income will probably be about the same as the higher level of 1961. Cash receipts may change little from the level estimated for 1961. With a continuation of the Feed Grain Program, as well as the new 1962-crop Wheat Program, and assuming active participation, Government payments to farmers will increase some from 1961 to 1962. However, farm production expenses probably will continue to rise, although less than in 1961, and realized net income of farm operators is expected to continue at about the improved level of 1961.

Larger marketings of livestock products are likely in 1962 but crop marketings are expected to be smaller. With the Feed Grain Program again in effect in 1962 along with a similar program for wheat, crop output will be limited, resulting in smaller marketings of crops. The uptrend in livestock production will continue in 1962 and result in a further rise in marketings, particularly of hogs, cattle, and dairy products.

The outlook for farm product prices in 1962 points toward little change overall from the average level in 1961, assuming continuation of present farm programs and support prices. An expected rise in crop prices is likely to be about offset by some further small decline in prices for livestock and products.

Prices received by farmers for wheat will be higher next year because the average support price for the 1962 crop has been set at \$2 per bushel, compared with the 1961-crop support price of \$1.79. Corn prices in 1962 are expected to average higher than this year, if the current support of \$1.20 per bushel is continued for the 1962 crop.

The season average price received by farmers for 1961-crop soybeans during the current crop marketing year, which extends through September 1962, is likely to average around the support level of \$2.30 per bushel. This would be about 5 percent more than a year earlier.

Prices received by tobacco growers are likely to average about the same as this year. The support price for 1961-crop cotton was 31.88 cents per pound for the average of the crop, compared with 30.1 cents per pound for all kinds of cotton in 1960. The support level for 1962-crop cotton will be announced in February.

The outlook for prices of livestock and livestock products is slightly lower during 1962 compared with 1961. This arises from slightly lower prices now indicated for hogs and eggs, relatively unchanged prices for cattle and chickens, and perhaps some rise late in 1962 in turkey prices.

Hog prices in 1962 are likely to be below 1961 prices, as marketings will be larger. Marketings of cattle and calves in 1962 are expected to be larger than in 1961, and prices may show little change from the average level for this year.

Egg prices to producers are currently below the level of last fall and probably will average somewhat below year-earlier levels through next summer.

Martin Gerra
Economic Research Service

The Agricultural Situation is sent free to crop, livestock, and price reporters in connection with their reporting work.

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Production To Be High Again in 1962

POULTRY AND EGGS

Egg production in 1962 is expected to exceed the 170 million cases that are in prospect for 1961. Prices to producers are likely to average below 1961. Lower egg prices than the year before appear likely for the first quarter of 1962 in contrast to the first quarter of 1961, when prices were contraseasonally high.

The Nation's eggs in 1962 will come from a flock that on next January 1 will be a little smaller than the 340 million potential layers on hand at the beginning of 1961. But the rate of lay per bird is likely to average higher than this year because more of the flock will be pullets, and fewer will be hens.

After midyear, the laying flock will be supplemented by new pullets from that year's hatch, and those pullets are expected to be from a larger number of replacement chickens raised than the 346 million raised in 1961.

The egg supply next year is likely to increase more than the prospective increase of over 1½ percent in the U.S. population, permitting the addition of 2 or 3 eggs to the average consumption of 323 eggs per person which is presently estimated for 1961.

The outlook for broilers and turkeys in 1962 is more clouded than the egg picture. Producers of both of these meat birds had a very difficult year in 1961. Their actions in 1962 will depend, to a considerable extent, upon the financial resources that remain available to them from their usual sources of credit.

The turkey situation is likely also to be influenced by the proposed marketing orders for turkeys and turkey

hatching eggs. Authority for Marketing Agreements and Orders for turkeys and turkey hatching eggs was provided by the Agricultural Act of 1961. Current legislation does not authorize similar programs for broilers or chicken eggs.

Broiler production in 1961 will probably be up by at least 12 percent from the 1.8 billion birds produced in 1960. Prices are down sharply from a 1960 average of 16.9 cents per pound to a 1961 figure that will probably average close to 14 cents.

Even though the low prices have resulted in several bankruptcies and financial reorganizations, weekly chick hatchings continued above the year before throughout the first 9 months of the year. The same forces that thus sustained 1961 production are likely to result in a high 1962 output of about the same level as the 1961 record.

These forces include not only an ample capacity to produce, but also an industry structure which makes it difficult in the short run for integrated firms to reenter the market on a large scale after they have cut back production. As a consequence, they are reluctant to reduce output.

Turkey production is influenced by some of the same factors—integration, financing, and high capacity to produce—that influence broiler production. Therefore, the availability of financing will affect the 1962 volume, as will the possibility of a self-help Marketing Agreement and Order program, which has been recommended to the Secretary of Agriculture by the National Turkey Advisory Committee. In the absence of such a program the 1962 turkey crop would again be large, although perhaps not fully up to the 107 million turkeys raised in 1961, which were 26 percent more than 1960.

Edward Karpoff
*Agricultural Stabilization
and Conservation Service*



DAIRY OUTLOOK FOR 1962

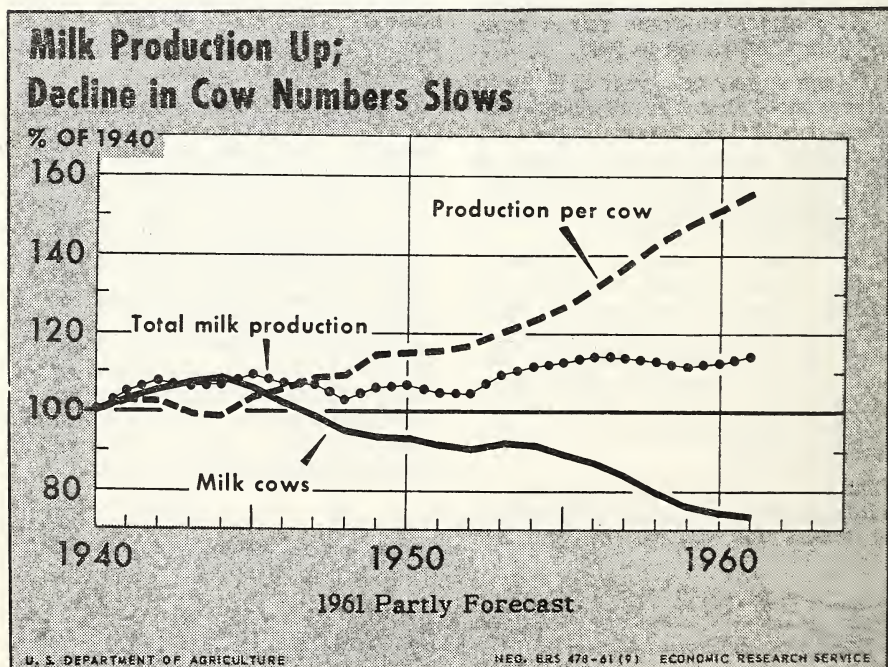
Supplies of milk and dairy products in 1962 will be more abundant than in 1961. Milk producers will probably turn out larger quantities of milk, but consumers are not expected to increase their total purchases of dairy products very much, if at all. In addition, relatively large quantities of dairy products currently in storage suggest no significant buildup in commercial inventories. As a result, in 1962 substantially more dairy products will be offered to the Government under the price support program.

Milk production has been expanding for 2 years in response to favorable milk-feed price relationships and some weakening in beef cattle prices from the cyclical high in 1959. The two increases in price supports, first in September 1960 and again in March 1961, further encouraged the upturn especially in the mid-United States. Output increased about 1 billion pounds in 1960 and will be about 2 billion pounds larger in 1961, or about 125 billion pounds. Another significant increase is in prospect for 1962.

Since World War II, the demand for a number of dairy products has been declining, particularly some items rich in milkfat, even though real incomes have been expanding. During this period, the per capita consumption of butter dropped from 10.6 to 7.5 pounds in 1960, fluid cream from 12.9 to 9.3 pounds, and evaporated milk from 18.1 to 11.3 pounds. For ice cream, American cheese, and fluid milk products (other than cream), per capita use has shown relatively little change over the last decade.

Substantial increases in per capita use, however, have occurred among those products that are heavy users of solids-not-fat such as cottage cheese, nonfat dry milk, and frozen desserts (other than ice cream). Persistent growth in consumption has also been exhibited by cheese (other than American) and by condensed milk.

Changes in the kinds and quantities of dairy products used by consumers over the years have resulted in divergent trends in the use of milkfat and solids-not-fat. Milkfat represented in





the total per capita consumption of dairy products amounted to 31.7 pounds in 1935-39, 29.5 pounds in 1947-49, and only 24.6 pounds in 1960.

Consumption measured in terms of solids-not-fat, however, has remained unusually stable, between 43 and 45 pounds annually, in the last decade. Because of population growth the total consumption of milkfat has been relatively stable over the last decade, while the total use of solids-not-fat has been expanding.

In 1961 consumers reduced their purchases of all major dairy products except cheese. Reductions were particularly sharp for fluid milk products and butter. As a result, total consumption from commercial sources this year will be significantly lower than in recent years. Rising economic activity next year, however, may partly arrest the downtrend in the demand for dairy products and hold total consumption from commercial sources about unchanged.

This year, CCC purchases of dairy products, in terms of milkfat, will be equivalent to more than 6 percent of production, or more than twice as great as in 1960, and in terms of solids-not-fat, about 9 percent, a post-World War II record. The sharply higher pur-

chases in 1961 resulted partly from the 2 billion pound increase in milk production this year, but mostly from the substantial reduction in consumer purchases of dairy products.

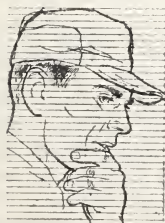
A larger supply of milk in 1962 is likely to lead to a further increase in Government purchases, but the increase from the year before is not likely to be as great as occurred in 1961.

Part of the larger supplies of Government-owned dairy products in 1962 will be used to expand domestic distributions, particularly of cheese, to schools, institutions, and needy persons. Because of these larger distributions, the total consumption of dairy products from all sources will probably be higher in 1962 than in 1961.

Supplies of butter may be sufficiently large to permit substantially larger exports under Government programs for the first time since 1956; exports of nonfat dry milk will continue to be large, as they have since 1953.

Farmers may realize some further increase in cash receipts from the sale of milk and dairy products in 1962, but this gain may be largely offset by greater production costs.

Herman Bluestone
Economic Research Service



**DO
YOU
NEED
MORE**

OUTLOOK INFORMATION?

If you need more detailed information on the outlook for farm products in 1962, send us a card and let us know what you are interested in. We have reports on cotton, dairy, farm income, fats and oils, feed, fruit, livestock, poultry, and wool. Our address is: AGRICULTURAL SITUATION, Agricultural Economics, Division of Information, U.S. Department of Agriculture, Washington 25, D.C.

A Look Ahead at Cotton



The carryover of cotton on August 1, 1962, probably will be about 7.6 million bales, approximately 400,000 bales larger than a year earlier. Disappearance in 1961-62 is expected to be smaller than in 1960-61.

At the start of the current season, CCC-held cotton stocks (owned and held as collateral against outstanding price support loans) were about 1.5 million bales, the lowest of any August 1 since 1952. CCC-held stocks will increase as the season progresses and by July 31, 1962, may be close to 4.5 million bales.

Cotton production in the 1961-62 marketing year was estimated at about 14.5 million running bales, as of November 1. This was about 300,000 bales larger than a year earlier. The 1961 crop is being produced on larger acreage than the 1960 crop and with about the same average yield.

The national acreage allotment for upland cotton for 1962 has been set at 18.1 million acres compared with 18.5 million in 1961. The acreage allotment for extra-long staple cotton in 1962 is 100,293 acres, approximately 37,000 acres larger than 1961.

Mill Use of Cotton

United States cotton mills are using an estimated 8.8 million bales in 1961-62, approximately 500,000 bales more than during the same period a year earlier. The increasing use of cotton is a result of a higher level of economic activity for the country as a whole as well as relatively low stocks in relation to unfilled orders for cotton broadwoven goods.

Other indicators of greater mill activity are higher fabric values in the past few months, smaller imports of cotton textiles in the first 8 months of calendar 1961 than in the first 8 months of 1960, exports of cotton textiles at about the same level in the first 8

months of 1961 as in 1960, and higher rates of consumption of cotton by United States mills since February 1961.

Manmade Fiber Market Growing

There are, of course, some depressing aspects in the mill use picture. The manmade fiber market is growing and the consumption of rayon and acetate staple fiber is increasing more rapidly than it has for several years. Continued increase in the imports of cotton textiles could also cut down the mill use of cotton.

Exports

Our cotton exports during the current season are expected to be about 5.5 million bales compared with over 6.6 million bales in 1960-61. These declines are occurring because the ending carryover of cotton (in the foreign free world for the 1961-62 season) is expected to be smaller than the starting carryover. In 1960-61 the reverse was true. Ending carryover was increased by about a million bales.

Prices

Prices for cotton in European import markets have increased over the past several months, but prices of U.S. cotton are, in general, still competitive.

The average 14 spot market price for Middling 1-inch cotton for October was 33.59 cents per pound, the highest price since June 1959. The average price received by farmers for upland cotton in mid-October was about 33.89 cents per pound compared with 31.53 cents in the same month a year earlier. The average price received by farmers has increased each month since February 1961 when it was 26.91 cents per pound.

Frank Lowenstein
Economic Research Service

THE WOOL OUTLOOK . . .

Some Increase in Use—Average Prices to Growers

The U.S. wool industry has partially recovered from the short-term recession of late 1960 and early 1961. Currently, mill activity is increasing. Imports of dutiable raw wool are substantially higher than a year ago. Exports of wool textile products are up moderately; imports are less. Average grower prices are slightly above the same month a year earlier. The outlook for the domestic wool industry for 1962 is for a moderate increase in domestic consumption of wool, mill activity, foreign trade in raw wool and wool products, and average prices received by growers for shorn wool.

Domestic Use Down in '61

Domestic consumption of wool in 1961 will probably total around 500 million pounds, 7 percent less than in 1960 and 3 percent more than the average of 1955-59. This lower domestic consumption is due to a decline in imports of wool textile products and lower mill use of carpet wool.

Mill use of apparel wool in 1961 is likely to total 245 million pounds, scoured basis, about the same as in 1960 and 5 percent less than the 1955-59 average. With the current steady demand for apparel products, stepped-up military procurement, a moderate rise in inventory accumulation, and an expected increase in consumer incomes and expenditures, a moderate increase in mill consumption to 260 to 270 million pounds of apparel wool can be expected for 1962.

Carpet wool mill use in 1961 is expected to amount to 135 million pounds, scoured basis, 17 percent less than in 1960 and 2 percent less than the 1955-59 average. Only a moderate increase in carpet wool mill consumption to 140 to 145 million pounds is likely in 1962.

The raw wool equivalent of the U.S. foreign trade in wool textile products for 1961 will amount to an import balance of about 120 million pounds or 5 percent less than the record high of 127 million in 1960. The raw wool content of imports of textile products in 1961 will probably be 6 to 7 percent less than 1960, that of exports slightly more. This decrease in the import balance will be due to lower imports of tops, yarns, woven fabrics, and carpet and rugs.

Imports of dutiable wool are expected to total 85 to 90 million pounds, clean content, during 1961 and approximately 100 million pounds in 1962 compared with 75 million in 1960 reflecting an increase in apparel wool mill use. Duty-free imports of raw wool probably will amount to 150 to 155 million pounds, clean content, during 1961 and 1962 compared with 154 million in 1960.

Prices Stable

The average price received for shorn wool can be expected to remain relatively stable through the 1961-62 marketing year. With mill consumption estimated to increase in 1962, a moderate price increase can be expected in the first part of the 1962 marketing year. The shorn wool incentive level for the 1962 marketing year (April 1, 1962-March 31, 1963) has been set at 62 cents per pound, grease basis.

In 1962, world wool production and consumption will likely be near record high levels. Stocks of raw wool will be relatively low. Production of wool products will increase moderately. World trade will probably expand. Prices are likely to remain relatively stable.

Charles E. Raymond
Economic Research Service



THE LIVESTOCK OUTLOOK FOR 1962

CATTLE

The outlook is for cattle prices to average about the same next year as this. Fed cattle prices are not expected to drop as sharply next spring as this and may be above 1961 prices through the summer. Slaughter cow prices are expected to be lower during the late summer and fall than for the same period this year.

Cattlemen are increasing their herds this year for the fourth gain in a row. Slaughter has been up only slightly—not enough to offset a larger calf crop and larger imports of live cattle. Cattle and calf numbers January 1 are expected to range between 98.5 and 99 million head.

The increase in numbers will likely continue in 1962. Our growing population is expected to have about the same amount of beef per person as in 1961. With this supply in prospect and a strong demand for beef likely, prices to farmers for beef cattle next year will probably average close to 1961 prices.

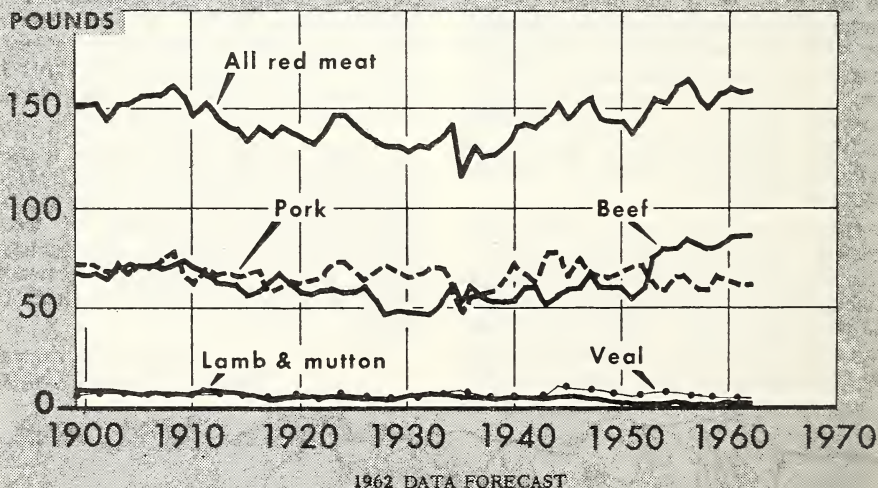
SHEEP

The high slaughter rate for sheep and lambs during 1961 is reducing numbers on hand and sets the stage for somewhat higher prices next year. Sheep numbers next January 1 will be near 32 million head, down nearly one million head from last January.

The increase in marketings this year was accompanied by a rather severe downward adjustment in prices. Unless producers continue to liquidate flocks in 1962, which does not now seem likely, sales next year should be below 1961 levels throughout most if not all of 1962.

A return to a more normal pattern of seasonal price changes appears likely next year with prices rising to a spring-time high and then declining slowly next summer and fall. At their spring peak prices will likely be well above prices a year earlier, and will probably continue above the rest of the year.

MEAT CONSUMPTION PER PERSON



HOGS

Hog prices will average a little lower in 1962 than in 1961. The number of hogs on hand plus larger pig crops in prospect assure marketings above year-earlier levels through most if not all of next year.

A significant early-winter price rise is likely, when market supplies come largely from this year's early fall crop.

Hog prices will turn downward in late winter or early spring before starting their usual rise to a summertime high. Prices are expected to continue a little below those of a year earlier throughout this period.

Prices next fall will depend on the size of the 1962 spring pig crop. A 4 percent gain in sows farrowing was planned in 10 States for the first half of the season. A favorable hog-corn price ratio this fall will probably lead to an increase for the entire spring crop. If the gain is 3-4 percent, as now seems likely, prices next fall will be a little below this fall.

MEAT CONSUMPTION

Red meat production in 1961 will set a new record. However, the increase is less than the gain in population, and supplies per person will be reduced slightly from year-earlier levels. Per capita consumption of all red meat in 1961 is expected to be about 160.6 pounds compared with 161.5 last year.

Per capita supplies of pork in 1962 are expected to be a little larger than this year—probably enough to more than offset small reductions in veal and lamb—resulting in a slight gain in total red meat consumption.

Earl Miller
Economic Research Service

The Farmer's Share

The farmer's share of the consumer's food dollar was 38 cents again in September 1961, the same as it was in August. In September 1960 the farmer's share was also 38 cents.

THE WHEAT OUTLOOK

The marketing year began last July with a wheat supply 2 percent below the record of a year earlier. However, the estimated 2.6 billion bushels available is 206 million more than we had in 1959-60 and 595 million more than the average supply in the years 1954-58.

Exports for 1961-62 are estimated at an all-time record of 675 million bushels, exceeding the previous record last year by about 13 million bushels. Import requirements in Europe are increased by smaller 1961 crops.

Domestic disappearance, estimated at about 590 million bushels, is slightly lower than last year because of reduced wheat use for seed (a result of smaller acreage allotments for 1962 under the new wheat program).

The carryover on July 1, 1962, is expected to be about 1,365 million bushels, down 46 million from the carryover last July and the first reduction since 1958.

Assuming that there will be a decrease of around 19 percent in the total harvested acreage from the acres harvested in 1961, and an increase of 10 percent in yields, the 1962 crop would total about 1,075 million bushels. A crop of this size would be 275 million bushels below the crop produced in 1960 and 136 million below this year's crop, which was reduced by drought in the spring wheat area.

A crop of 1,075 million bushels together with expected carryover on July 1, 1962, of about 1,365 million and imports of about 8 million would give a total supply of 2,448 million bushels for 1962-63. Exports are currently projected at 625 million, and domestic disappearance may total about 590 million. On the basis of these estimates, the carryover on July 1, 1963, would be reduced about 130 million bushels from the carryover expected next year.

Prices to farmers in 1961-62 may average above the announced support for the first time since 1950-51, when they averaged one cent above the support.

Robert Post
Economic Research Service

TOBACCO USE TO RISE AGAIN IN '62



Total supplies of flue-cured, burley, and most other kinds of tobacco in 1961-62 will be fairly close to 1960-61 levels. This year's production of tobacco is about 3 percent above last year's harvest and the increases in the outturn of most kinds considerably offset the declines in carryovers.

The use of tobacco products in 1961 (except for chewing tobacco and snuff) is likely to top 1960. Further gains in consumption are expected in 1962 for cigarettes and probably cigars; no appreciable changes seem likely in smoking tobacco or snuff, but use of chewing tobacco will continue its downward trend.

This year about 61 million U.S. cigarette users will smoke 95 percent of the record output, now estimated at 527 billion. The other 5 percent will be shipped to foreign markets and U.S. possessions. About 13 million U.S. cigar smokers will probably smoke more than 7.1 billion cigars and cigarillos this year—the most since 1923.

The 1961 output of smoking tobacco is estimated near 75 million pounds—a little above 1960 but well below 10 years ago. The 1961 outputs of chewing tobacco and snuff, estimated at 64 and 34 million pounds, respectively, are below 1960 and substantially less than 10 years ago.

Exports constitute 25 to 30 percent of the total outlet for our tobacco. In fiscal year 1960-61, tobacco exports were 566 million pounds (farm-sales weight)—a 5-year high. Exports in 1961-62 may be a little below 1960-61. Competition from expanded production abroad continues to increase and trade barriers continue to affect our exports adversely. There is much concern as to how U.S. tobacco will be affected by the import duties and trade arrangements of the European Common Market.

Marketing quotas and acreage allotments are expected to be in effect on most kinds of tobacco in 1962. Governmental price support is mandatory for the kinds produced under a marketing quota. Available data indicate that the 1962 overall support levels for the eligible tobaccos will be up 1 percent from 1961. In accordance with law, the recent 3-year average of the parity index is compared with the 1959 level to make adjustments in tobacco price supports.

Arthur G. Conover
Economic Research Service



Vegetable Outlook

Supplies of both canned and frozen vegetables available for marketing during the first half of 1962 likely will be larger than a year earlier. Supplies of canned vegetables appear to be moderately larger than a year ago, and supplies of frozen items are record high. With higher raw product costs for many items, and higher processing and distribution costs, f.o.b. and retail prices for canned vegetables are expected to average a little above those of last season. Prices of frozen items likely will average about the same to slightly lower.

Considerably more potatoes will be available for marketing this fall and winter than last. Production of fall potatoes is 198 million hundredweight, 13 percent larger than last year, and more than a fourth larger than the recent 10-year average.

Heavy supplies of potatoes from the late summer and fall crops have resulted in low prices to growers. At industry request, the Department of Agriculture is operating a program designed to encourage diversion of potatoes to nonfood uses. Under the program supplementary payments are made to growers for diversion of U.S. number 2 or better quality potatoes to starch, flour, or livestock feed.

John F. Crum
Economic Research Service

Smaller Feed Grain Supply Expected to Reduce Carryover

The Nation's feed grain supply for 1961-62 is 3 percent below the record supply last year, breaking a steady upward trend that began in 1952. Farmers reduced the acreage of feed grains harvested this year by 16 percent. A large share of this reduction was in corn and sorghums through farmer participation in the 1961 Feed Grain Program.

With another good growing season this year, reduced acreage was offset in part by higher yield per acre. The 138 million tons of feed grains produced this year was 17 million tons, or 11 percent, less than in 1960. Increased carryover from previous years brought the total feed grain supply up to 223 million tons, or within 7 million tons of the record supply last year.

The 1961 crop probably will fall short of our total utilization in 1961-62. Carryover into 1962-63 is expected to be about 5 million tons below the record 84-million-ton carryover into 1961-62.

Feed grain prices probably will average a little higher in 1961-62 than in 1960-61. Higher prices are in prospect because of the higher price supports for the 1961 crops, smaller feed grain production, and the slight increase in livestock to be fed. On the other hand, the larger volume of feed grain to be sold under the 1961 Feed Grain Program also will influence prices, particularly those for corn and sorghum grain.

Corn prices are expected to average above the 1960-61 level. But they probably will not average as close to the 1961 support of \$1.20 per bushel as in 1960-61, when they were only 6 cents below the 1960 support of \$1.06 per bushel.

Prices received by farmers for sorghum grain also are expected to average above the 1960-61 level, principally because of the higher price support for the 1961 crop.

Prices received by farmers for oats and barley are higher this fall than a year ago and higher than normal in relation to most other feeds. They probably will continue relatively high during the 1961-62 marketing year.

Supplies of each of the four feed grains are smaller this year than in 1960-61.

The corn supply of 5,548 million bushels is 132 million bushels below the record supply last year. While the crop was down 342 million bushels, this decrease was largely offset by an increase of more than 200 million bushels in carryover. Total utilization in 1961-62 is expected to exceed the 1961 production, reducing the carryover from the record 2 billion bushels on October 1 this year to below 1.9 billion bushels next year.

The sorghum supply for 1961-62 is slightly below last year's record supply of 1.2 billion bushels. The smaller crop was largely offset by larger carryover.

The oat supply is 7 percent smaller than last year, and the barley supply is down 9 percent.

Supplies of high-protein feeds for 1961-62 are expected to be about 4 percent above the 1960-61 level, with most of the increase in soybean meal. Prices of soybean meal and of some of the other protein feeds may average a little lower in 1961-62; they are not expected to make the sharp seasonal rise from this fall to next spring that occurred in 1960-61.

The 1961-62 hay supply is about equal to the supply last year but is a little below average per animal unit. The very favorable condition of pastures this fall has reduced fall feeding of hay, and hay supplies appear adequate in most areas.

Malcolm Clough
Economic Research Service



Food Marketing Costs Rise

Consumer prices for foods from our farms are expected to be slightly higher in 1962 than in 1961. Farm prices for these commodities probably will average about the same as this year. But unit charges for processing, transporting, and distributing food are likely to be a little higher.

Unit marketing charges are estimated to be about 1 percent higher in 1961 than in 1960. They may be 1 to 2 percent higher in 1962 than in 1961.

Since 1940, unit marketing charges have risen each year except one. The current rate of increase, however, is less than the average for the last decade.

The level of marketing charges for food is influenced primarily by hourly earnings of food marketing workers and the prices of containers, fuel, taxes, vehicles, equipment, and other items which food marketing firms buy. Labor costs alone account for nearly half of marketing charges.

Since 1947-49, average hourly earnings of food-marketing employees have increased about 80 percent, while food-marketing charges have increased only 36 percent.

Marketing charges have risen less than half as fast as hourly earnings because of increased efficiency in the marketing system. Firms have boosted labor productivity in food marketing by using more capital, adopting new technology, and utilizing worker skills more effectively.

Since 1947-49, advertising cost and taxes other than income taxes have increased faster than sales of food companies.

Total returns to owners and managers of food marketing firms now represent the same proportion of sales as they did in 1947-49. Net profits have not kept pace with sales because more is allocated to depreciation charges, rents, and interest.

Robert E. Olson
Economic Research Service

PEANUT PRICES HIGHER

The total supply of farmers' stock peanuts during the 1961-62 marketing year that began August 1, 1961 is estimated at 2,080 million pounds, 5 percent less than last year. Both starting stocks and output are down this year. The 1961 peanut crop is nevertheless considerably in excess of probable food and farm uses, and CCC will acquire the surplus under the support program.

The 1961-62 outlook is for farm prices of peanuts to average around 10 percent higher than the 10.0 cents per pound received last year, reflecting the increase in the 1961 support rate. The 1961 peanut crop is being supported at a national average level of 11.0 cents per pound (\$221 per ton), compared with 10.1 cents per pound (\$201.24 per ton) for the previous crop. The practice of deducting a fee of \$9 per ton from growers' support prices for inspection, growers' association expenses, and monthly storage has been discontinued.

Prices to farmers for 1961 crop Spanish and Runner type peanuts so far this season are averaging at about the support level, nearly 10 percent more than last year. Virginia-Carolina peanuts started to move in volume in November, and prices are also running near the higher loan rate for this year.

The average consumption rate (6.5 pounds per person annually since World War II) is expected to prevail during the 1961-62 marketing year, leaving around 375 million pounds or 20 percent of the 1961 crop available for crushing, exports, and addition to stocks.

A large quantity of 1961 crop peanuts acquired by CCC under the 1961 support program will be diverted into peanut butter manufacture for distribution to school lunches and needy persons. Approximately 75-100 million pounds of 1961 farmers' stock peanuts may eventually wind up in the CCC peanut butter program.

George W. Kromer
Economic Research Service

SHARP EXPANSION IN 1961-62 FOOD FAT EXPORTS

The long run uptrend in supplies of food fats and oils in the United States was temporarily reversed last year mainly because of reduced stocks of soybeans. It is expected to resume in the 1961-62 marketing year as the outlook is for a new record high by a wide margin.

A Record Total Supply

The total U.S. supply of food fats and oils during the 1961-62 marketing year is forecast at a record 16.1 billion pounds (in terms of oil), 15 percent more than the quantity available a year earlier. The increase in production is largely due to the record 1961 soybean crop, although lard and butter output will be slightly greater in 1961-62 than a year earlier. Also, beginning stocks on October 1, 1961, were up somewhat from last year because of the huge carryover of soybean oil.

Domestic disappearance of food fats in 1961-62 probably will continue at about the annual rate of 46 pounds (fat content) per person. These prospects indicate that the quantities of edible oils, soybeans, lard, and butter available for export in 1961-62 will be a record 7.0 billion pounds, approximately 2.0 billion pounds or 40 percent more than last year.

Current prospects are that exports of food fats (including the oil equivalent of soybeans) through September 1962 may set a new record of around 4.6 billion pounds, roughly one-third more than exported during 1960-61.

The Export Outlook

Here are some of the main factors in the export outlook: (1) Europe will buy more U.S. soybeans because of expanding demand for soybean meal and the small supplies that are likely to be available from Communist China. Also, heavy buying by Europe this fall will, in part, reflect deferred purchasing last summer in anticipation of lower prices for new crop beans in the United States; (2) Japan recently removed her restrictions on imports of U.S. soybeans. Demand from Japan will result in larger imports; and (3) sharp expansion in movement of edible

oils under the Food for Peace Program—about 1,000 million pounds compared with 525 million in 1960-61.

Exports of edible oils (cottonseed and soybean) for 1961-62 are forecast at 1.9 billion pounds, up sharply from the 1.1 billion shipped abroad for the year just ended.

Export sales of edible oils for dollars are expected to total about 900 million pounds compared with 608 million pounds in 1960-61. The major increase would go to Spain, as that country shifts away from title I, Public Law 480, oil.

Exports of cottonseed and soybean oils under Public Law 480 (excluding donations) are estimated at 545 million pounds compared with 492 million in 1960-61.

Commitments under the Food for Peace Program in 1961-62 are substantially larger than last year. So far, about 455 million pounds of edible oils are scheduled to be purchased by the USDA for donation to the needy abroad; 255 million pounds have been bought this fall and another 200 million is slated for next spring, and additional purchases next summer are possible.

Other factors in the 1961-62 outlook for U.S. exports of food fats and oils include: (1) Substantially smaller olive oil crops in Spain and Italy; (2) smaller exportable supplies of Philippine copra and coconut oil and Canadian rapeseed and considerably more African peanuts. The Indian peanut crop is up. This year if India's domestic prices drop substantially some peanuts or oil may be exported; (3) a continuation of small exportable supplies from China and a somewhat smaller Argentine supply of edible oils at least through next spring; (4) a slightly better than average sunflower crop in the U.S.S.R. and good crops in Eastern Europe; (5) rising population and a high level of economic activity in most parts of the world; and (6) an expanded U.S. Food for Peace Program.

George W. Kromer
Economic Research Service

OUTLOOK FOR FRUITS AND TREE NUTS

The 1962 deciduous fruit crop may not be as large as the above-average 1961 crop, but output of citrus fruit is expected to continue large. Production of edible tree nuts probably will fall below the record 1961 tonnage. The production outlook for these products in 1962 rests upon average weather and growing conditions, the main factors in year-to-year changes in output. Supported by rising incomes, consumer demand for fruit is expected to continue strong.

Total production of deciduous fruits has tended to increase since the mid-1950's. The effects of substantial new plantings of some fruits plus increased bearing capacity of older trees have more than offset the (primarily weather) losses of other fruits. Rising trends are indicated for apples, peaches, nectarines, sour cherries, and cranberries.

Total tonnage of the 1961 crop of noncitrus fruits (mostly deciduous) was about 8 percent larger than the 1960 crop and 9 percent above average. All noncitrus crops except apricots and cranberries were larger than in 1960.

Citrus fruit production has trended slowly upward during the past decade, despite severe weather damage to trees and fruit in some years. Recent plantings of orange and grapefruit trees in Florida and Texas and lemon trees in Arizona—some already bearing fruit—are expected to contribute to further increases in production with favorable weather.

For 1961-62, production prospects as of November 1 were for increases over 1960-61 in all kinds of citrus fruits, except tangerines. The early, mid-season, and navel orange crop is expected to be about 2 percent larger than the 1960-61 crop but about equal to average. For Valencia oranges, which are marketed later in the crop year, prospective production is up in Florida, Texas, and Arizona. But prospects for California Valencias are not as good as a year ago.

The 1961-62 grapefruit crop is expected to be about 8 percent above the

approximate average crop last year. In Florida, increases are forecast for both pink and white grapefruit. Lemon production is expected to be about 20 percent above the below-average crop last year.

Early-season movement of the 1961-62 citrus crop to fresh markets has been heavier than that of the 1960-61 crop and prices have averaged somewhat lower. Moreover, movement to processors also has been larger. Carry-over stocks of most Florida frozen and canned citrus juices held by packers were somewhat larger this fall than last. Much of the increase consisted of frozen orange concentrate from the record 1960-61 pack.

The 1961-62 packs of canned, frozen, and dried fruits are each expected to be somewhat larger than the respective 1960-61 packs. Most of the new packs of canned fruits so far reported are heavier than the 1960-61 packs; those of peaches and fruit cocktail are record large. Large increases over 1960-61 also have been reported for output of frozen red tart cherries and raisins, major items among the frozen and dried packs.

For exports of U.S. fruit in 1961-62, the outlook is for increases in both fresh apples and pears, especially apples, mainly to Western Europe, where production is down this year. Exports of fresh citrus fruit may not be greatly different from the volume in 1960-61 because of large supplies in other countries that also serve Western European markets. Exports of canned and frozen citrus juices and canned deciduous fruits may be up somewhat, and exports of raisins and dried prunes may approximate those of 1960-61.

With large increases in almonds and pecans and small increases in filberts and walnuts, total tonnage of these four edible tree nuts in 1961 sets a new record about 17 percent above the previous high in 1960. Price prospects for the new crops do not appear as favorable as they were for the lighter 1960 crops.

Ben H. Pubols
Economic Research Service

"Bert" Newell's

Letter

I feel like an accident looking for some place to happen. I have what feels like a toothache in my shoulder. The doctor says it's a pinched nerve, but I don't know but what it is "rheumatiz" just like old Uncle Jake used to get when there was a job to be done. Father used to say all Jake needed was exercise.

It's strange how some little, nagging thing like that can affect your whole outlook. I began to feel sorry for myself until I looked around a little and began to recall some folks I knew that really had troubles and never felt sorry for themselves. I got over the blues pretty quick.

Everyone has troubles. I would go so far as to say that everyone should have some. Yes, even a pain in the shoulder. We like successes, and we enjoy them, but success means more when we have difficulties to overcome. We really don't grow up until we have experienced things like pain, frustration, and disappointment and keep the right outlook as we surmount these obstacles.

Another year has rolled around. All of us have had some success and some difficulties. Some of our troubles were the kind we thought pretty tough at the time, but after a while we look back and have a good laugh. There was the time when night caught us out in the wide open spaces; there was no place to stop, nothing to eat, and it was getting cold. When we finally found a very primitive motel, still pretty hungry and cold, things looked quite bleak. Now, though, we look back on that night as part of the fun we had, and it is difficult to recall why we thought it was so serious at the time.

Of course, there are things that have left some scars. From my correspondence I know some of you have had to go through some very saddening experiences. They have left some wounds, and to those folks I extend my deepest sympathy. But, if we can keep the old chin up and keep looking forward and

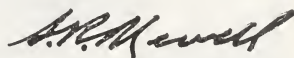
not back, we'll come out of our difficulties bigger and stronger than before.

Some of the world's greatest triumphs have been achieved by people who rose above their physical discomforts, reverses, and disappointments.

This summer I was told about a man who was doing a marvelous job as a leader in his community. According to the reports, he had accomplished so much I was anxious to meet him. When I did, I was amazed to find a man so seriously crippled it was hard to believe that he had been able to do all of the things I had been told about. After talking with him 10 minutes, I honestly forgot about his deformity; and what I remember most now is a big, genial man with bright eyes, a friendly, warm smile, and enthusiasm for life beyond my comprehension.

It really gets down to the individual's outlook and how he handles his reverses. The person who has always had easy going and has never known want or disappointment or defeat really hasn't had a chance to grow up. A fellow who resorts to feeling sorry for himself is really lost. It's the person who meets obstacles and overcomes them and goes forward who is genuinely happy.

At Christmas time we celebrate the birth of a man who I believe was a Divine Being. His life was not one of ease. He met many reverses and many disappointments. His life and teachings had a tremendous impact on the entire world. Our calendars date from His birth. His greatest trial came when He was condemned to death by crucifixion, yet He conquered even that and converted the cross from a symbol of shame to one of glory. The celebration of His birth is a period of joy and happiness, a time when we think of others and derive our greatest pleasure from making others happy. So, all of us here in Agricultural Estimates wish for you a Very Merry Christmas. I have forgotten about my shoulder, so let's all look forward to a Happy New Year.



S. R. Newell
Chairman, Crop Reporting Board, SRS



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